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Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK). In paragraph 20 of that resolution, the Council requested me to report at regular intervals on the implementation of the mandate of UNMIK. The current report covers the activities of UNMIK and developments in Kosovo, Federal Republic of Yugoslavia, since the report of 15 January 2002 (S/2002/62). Matters reported at the Security Council's meeting on 27 March 2002 are referred to as necessary (see S/PV.4498).

II. Provisional institutions of self-government

A. Formation of the Government

2. The most important development during the reporting period was the formation of a Government after several months of deadlock. On 28 February the three major Kosovo Albanian parties reached agreement on forming a coalition Government to be headed by Bajram Rexhepi of the Democratic Party of Kosovo (PDK). The same agreement put forward Ibrahim Rugova of the Democratic League of Kosovo (LDK) as candidate for President of Kosovo and assigned four Ministries to LDK, and two each to PDK and the Alliance for the Future of Kosovo (AAK). In accordance with the constitutional framework, one Ministry was assigned to the Kosovo Serbs and one Ministry to a non-Serb minority community. This last Ministry has been filled by a member of the Bosniac/Gorani Vatan coalition, which has four seats in the Assembly. The coalition agreement was endorsed as a package on 4 March by more than two thirds of the Kosovo Assembly, paving the way for the transfer of responsibility from UNMIK to the newly formed Government in those areas outlined in the constitutional framework.

3. So far, the Kosovo Serb Return Coalition (*Koalicija Povratak* — KP) has not put forward a candidate for its assigned Ministry, that of Agriculture, Forestry and Rural Development, and has called for the allocation to KP of a second Ministry, on Returns, as a quid pro quo for its participation in the Government. The issue of returns is a key interest to the Kosovo Serb community. The formation of such a Ministry would not be possible, however, as the issue of returns is a reserved responsibility of my Special Representative in accordance with the constitutional framework. Instead, my Special Representative, Michael Steiner, has suggested the creation of a Cabinet-level post of Inter-Ministerial Coordinator on Returns in the Office of the Prime Minister to be filled by KP. This position would give the holder the rank of a Minister and the right to participate in Cabinet meetings. He has also offered KP the post of Senior Adviser on Returns within UNMIK's Office of Returns and Communities.

4. With the establishment of the Government, the Transitional Departments were transformed into 10 ministries within the framework of the provisional institutions of self-government. In addition to the originally envisaged nine Ministries, the planned Ministry of Health, Environment and Spatial Planning

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was reorganized into two separate ministries: the Ministry of Health and the Ministry of Environment and Spatial Planning (see organizational chart of UNMIK and the provisional institutions of self-government in annex I to the present report).

5. Beginning its weekly meetings on 15 March, the Cabinet has now met five times. The focus of these first meetings has been a discussion of the Ministries' immediate and longer-term priorities, for which they have a collective budget of 192 million euros (51 per cent of the 2002 Kosovo consolidated budget, see budget charts in annex II). The Prime Minister has emphasized the need to create job opportunities and work towards full inclusion of all communities in Kosovo. These meetings have also largely focused on logistical and personnel issues. A priority personnel issue is the recruitment of Permanent Secretaries for the Ministries. These posts have now been advertised and a Senior Public Appointments Committee has been established to ensure the transparency and fairness of the recruitment process in line with UNMIK regulation 2001/36 on the Kosovo Civil Service.

6. The Government has already made substantive decisions in several areas. The Ministry of Finance and Economy and the Office of the Prime Minister have agreed on a basic pension of 28 euros a month, with effect from 1 July 2002, to be funded from the general revenues of the budget. The Ministry of Education has prepared for presentation to the Assembly priority legislation on higher education and on primary/secondary education. Drafted by education law experts from the Council of Europe, this legislation enshrines equal opportunities for all Kosovo communities in the field of education. The Ministry of Health established the Continuing Professional Development and Education Board to ensure continued training for health-care professionals.

B. Assembly

7. The Assembly Presidency now has a full complement of seven members following the nomination and approval of the two PDK members on 4 March. On 16 April the Assembly, by a two-thirds majority, approved a proposal to have an eighth member (from AAK) join the Assembly Presidency. In accordance with the constitutional framework, which stipulates that changes to it may be effected through a request supported by two thirds of the members of the Assembly, the Assembly President will communicate the Assembly's request to Mr. Steiner. Thus far the Presidency has proved a workable multi-ethnic institution, with the two KP members of the Assembly Presidency regular participants in the meetings. The Assembly Presidency has designed a structure of 16 committees. These cover areas specified in the constitutional framework (budget and rights and interests of communities), the functional areas of the Ministries of the provisional institutions of self-government and additional committees covering issues such as international cooperation and public petitions and appeals.

8. Assembly members have participated in training on various aspects of parliamentary work under the aegis of the Assembly Support Initiative, which is overseen by UNMIK's Institution-Building Pillar (Pillar III). Parliamentarians from both transitional and well-established parliamentary democracies have come to Pristina to share their experience with the members of the Kosovo Assembly. Representatives of most political entities have participated, including LDK, PDK, AAK and KP.

C. Efforts to build a multi-ethnic civil service

9. Efforts to create a multi-ethnic civil service have so far had mixed results. Some Ministries, including the Ministries of Education, Science and Technology, Health, and Labour and Social Welfare, have an acceptable percentage of minority employees, ranging from 10 to 25 per cent. Most have a poorer record, often with less than 1 per cent. The situation is similar at the municipal level, where the average level of minority employment is below 10 per cent.

10. In order to facilitate minority participation in the civil service, a shuttle bus service for civil servants was introduced, mainly for the benefit of minority employees living in locations outside Pristina. Security is provided by mixed teams of Kosovo Albanian and Kosovo Serb members of the Kosovo Police Service. This service has enabled more minority candidates to apply for positions in the provisional institutions of self-government. Since its establishment, minority employment in the Ministries of Public Services and Agriculture has increased from 2.6 to 6.5 per cent and from 0 to 18 per cent, respectively. However, security fears do continue to constitute one of the main barriers

to members of minority communities applying for positions in the civil service of the provisional institutions; over 100 assigned posts are still to be filled by the Kosovo Serb community.

11. Within the Office of the Prime Minister, the Advisory Office on Good Governance, Human Rights, Equal Opportunity and Gender oversees and advises the Ministries of the provisional institutions of self-government. Its Diversity Task Force works closely with the Committee on the Elimination of Discrimination Against Women to create equal opportunities and integrate the concept of non-discrimination. The Kosovo Law Centre also started the Ministerial Empowerment Project, financed by the World Bank, to provide training to the new professional staff of the Ministry of Education, Science and Technology on international human rights standards.

12. At the municipal level, the Institute for Civil Administration, run by UNMIK's institution-building pillar, continues to train municipal staff and Municipal Assembly members for the formation of an apolitical, multi-ethnic professional civil service. Approximately 3,700 municipal civil servants have now undergone training, 18 per cent of whom have been Kosovo Serbs. Over the reporting period, the Institute for Civil Administration held training programmes on "Applicable Law and Separation of Municipal and Central Competencies" and "Gender and Leadership" for over 100 Kosovo Albanian and Kosovo Serb civil servants.

III. Mission priorities

13. My Special Representative, Michael Steiner, assumed his functions in Kosovo on 14 February 2002. Shortly after his arrival, he outlined the following priorities: laying the foundations for economic progress; tackling crime and violence; and creating a fair and safe society for all communities.

A. Laying the foundations for economic progress

14. In 2001, Kosovo enjoyed a relatively stable monetary climate and benefited from a real growth rate of approximately 10 per cent. The average annual household income was approximately 6,700 euro, resulting in a per capita income of approximately €1,100 (see annex III). Private sector growth has benefited from generous inflows of funds from donors and the sizeable international presence, as well as remittances, primarily from Kosovo Albanians living abroad, thought to value €780 million per year. These inflows have, however, led to a significant discrepancy between the amount of wealth generated in Kosovo and the amount consumed. Kosovo remains one of the poorest regions in Europe, with many people in or near absolute poverty. Fifty-five per cent of the population is of working age, and of these, half are believed to be unemployed.

15. A key priority in the economic sector is, therefore, creating jobs. Privatization is seen as an important means of generating economic development and UNMIK is working hard to establish a favourable environment in which this can go ahead within the parameters of Security Council resolution 1244 (1999). The key aim is to attract investment. To this end, UNMIK is seeking to restructure the now dormant socially-owned enterprises. Preparations are under way to establish a Kosovo Trust Agency, which will implement UNMIK's mandate to administer public and socially-owned enterprises. On 17 April, the Special Representative presented the draft regulation on the Kosovo Trust Agency to the Prime Minister for consideration by the provisional institutions of self-government.

16. Another measure that will help the economy, by facilitating foreign trade, was the introduction of the euro at the beginning of 2002. The actual transition process, however, highlighted one of the main problems facing the Kosovo economy, namely economic crime. UNMIK's economic reconstruction pillar estimates that public revenue collection could be operating at only 50 per cent of its potential, with 80 per cent of the shortfall resulting from black market activity by organized criminal groups. In order to combat this drain on the Kosovo economy, the UNMIK economic reconstruction pillar has established a special unit to combat economic crime. During the conversion to the euro, counterfeit notes and coins had to be detected and removed from circulation and particular emphasis was placed on reducing the opportunities for money laundering. Those converting currency outside the normal banking system were asked to provide identification and a system of fees was introduced to discourage large transactions. To help crack down on

money laundering during the conversion process and in the future, all imports of large quantities of cash must now be declared upon entry into Kosovo.

17. During the conversion process to the euro, special arrangements were made for minority communities in Kosovo, many of whom have little or no access to commercial banking services because of security problems. Seven mobile teams toured Kosovo during January and February, visiting a range of locations. These visits, coordinated with the Kosovo Force (KFOR), UNMIK police and the local communities, sought to provide as many residents as possible with a reasonable opportunity to change their money. The final statistics for the currency changeover indicate that 13 per cent of cash conversions occurred in minority areas.

18. One of the benefits of the conversion process was the significant improvement in the use of banking services. Confidence in Kosovo banks has historically been low and most people saved money by hiding cash. Although some confidence has been restored since 1999 by the comprehensive system of licences and regulation established by the Banking and Payments Authority, the greatest single boost to the banking sector came from the fees system, which accompanied the conversion process. Money in bank accounts was converted into euro without charge, but fees were imposed on all cash transactions over a certain value. Consequently, there was a huge rush to open bank accounts towards the end of 2001, with more than 100,000 customers using banking services for the first time. Although 12 per cent of these subsequently withdrew their cash and closed their accounts, the rest have kept their money in the banks. This greatly increased the amount of capital available for loans and investment in Kosovo.

19. Seven commercial banks are now licensed to operate in Kosovo. Commercial banks are offering loans to entrepreneurs at real interest rates as low as 2 per cent (nominal interest rates range between 15 per cent to 22 per cent for loans from commercial banks, and up to 32 per cent for borrowing from micro-finance institutions). However, the total value of commercial loans extended is still far smaller than total savings — in most other economies it would be more. This indicates that people in Kosovo have yet to make full use of the commercial banking sector for their businesses.

20. The recurrent 2002 expenditures of €374 million is now over 95 per cent funded from local taxes and revenues. Revenue collection received a substantial boost at the beginning of April 2002 by the introduction of a Wages Tax and a Profits Tax. The Profits Tax will also assist private economic development by allowing enterprises that operate acceptable accounting systems to move from the presumptive tax on turnover to a tax on profits after operating costs. The budget planning assumes only €25 million of general budgetary support from donors. The public investment programme of some €656 million remains almost totally donor financed at this stage.

B. Tackling crime and violence

Security situation

21. The overall security situation in Kosovo improved during the reporting period. KFOR and UNMIK police attribute this to the consistent implementation of anti-crime initiatives and to increased reporting of crime to the police. Statistical trends now available through 11 March 2002 are positive, in particular the declining murder rate (see crime statistics in annex IV). There has also been a decline in ethnic murders, arson, looting and other crimes characteristic of a post-conflict area, although this is also, unfortunately, attributable to the fact that many members of the minority communities have left Kosovo, or are living in enclaves.

22. Nevertheless, ethnically motivated attacks still continue. With increased freedom of movement came incidents of harassment, such as rock throwing at Kosovo Serb cars in the Gnjilane region in late January and early February. A heavy police/KFOR presence has been deployed to areas where harassment has taken place and specific restrictions, such as curfews and intensive searches of buildings and vehicles, have been imposed.

23. A disturbing new development has been a continued increase in violence against KFOR and UNMIK police, as well as other members of UNMIK, and officers of the Kosovo Police Service. One of the worst incidents of such violence came following the arrest at the end of January of three former members of the Kosovo Liberation Army (KLA) on charges of war crimes against fellow Kosovo Albanians during 1998 and 1999. Angry protests culminated in the injury of

several UNMIK police and Kosovo Police Service officers in Pristina on 8 February, as well as in damage to several UNMIK vehicles and an anti-UNMIK media campaign. UNMIK countered the accusations made in the local press, resulting in editorials in local papers that condemned violence and promoted the rule of law.

Mitrovica

24. After nine calm months, violence again flared in Mitrovica at the beginning of April. There was serious rioting in northern Mitrovica on 8 April following the arrest by UNMIK police of a Kosovo Serb member of the so-called bridge gang. Approximately 300 Kosovo Serb protesters, armed with stones and hand grenades, confronted UNMIK police, resulting in the injury of 22 UNMIK police and Polish Special Police Unit officers. One seriously wounded officer of the Special Police Unit underwent surgery. Four Kosovo Serbs were detained and movement restrictions were imposed. There had been a build-up of tension over the reporting period, with demonstrations and vandalism of UNMIK vehicles following the arrest of two Kosovo Serbs on 21 February 2002 on murder charges.

25. KFOR and UNMIK police have strengthened cooperation in their joint efforts aimed at ensuring a safe and secure environment, removing or reducing the influence of parallel security structures and combating crime. The so-called bridge gang still enjoys considerable support due to the general feeling of insecurity in the Kosovo Serb community. There are no Kosovo Police Service officers serving in the northern part of Mitrovica town or in Zvecan, but there are mixed patrols in southern Mitrovica. Kosovo Serb officers of the Kosovo Police Service serve successfully in Zubin Potok and Leposavic in the north. KFOR support is required to enforce the same policing standards in North Mitrovica. The challenge for UNMIK is to meet the need of the Kosovo Serbs for security and services within a unified city without allowing parallel structures to exist.

26. In February, UNMIK opened a community office in the northern part of Mitrovica to deliver administrative services, including civil registration, and to stimulate economic development within the framework set out in UNMIK's Regulation on Self-Government of Municipalities. The former municipal workers continue to hold small-scale demonstrations against the office and staff of the community office continue to receive threats. Economic regeneration efforts in Mitrovica include the opening of a Business Development Centre in southern Mitrovica on 11 April. It is envisaged that a similar centre will be opened in northern Mitrovica as soon as circumstances permit. In addition, the recent establishment of the Trepca Workers Foundation, a non-governmental organization that advocates the economic and social needs of Trepca employees, has brought together people from both northern and southern Mitrovica. Further inter-communal confidence-building measures include the continuing construction of a multi-ethnic market.

Weapons amnesty

27. KFOR and UNMIK police continued efforts to uncover weapons caches. On 30 January, UNMIK police seized a large quantity of weapons smuggled into Kosovo from Albania. A month-long weapons amnesty came into effect on 15 March, allowing the population to turn in any weapons they have in their possession without fear of prosecution. This is the second weapons amnesty declared by KFOR and the UNMIK police. The Government of Kosovo lent its full support to the effort to reduce the number of weapons in circulation in Kosovo and Government Ministers have been actively involved in encouraging the people of Kosovo to hand in their weapons. On 10 April, the Prime Minister and President joined the Special Representative and the Commander of KFOR, General Valentin, in the destruction of illegal weapons, ammunitions and explosives collected under the weapons amnesty. These include several hundred long barrelled weapons, including machine guns, hundreds of hand grenades and a large quantity of ammunition.

Fight against organized crime and terrorism

28. Two additional key components of UNMIK's capability to combat organized crime have been put in place: the creation of a Sensitive Information and Operations Unit in the UNMIK Department of Justice at the end of February; and the enactment, on 18 March, of UNMIK regulation 2002/6 on covert and technical measures of surveillance and investigation. The purpose of the Sensitive Information and Operations Unit is to provide prosecutorial input to KFOR and UNMIK police on organized crime, terrorism and cross-border insurgency matters, to support organized crime-related operations undertaken by KFOR and the police and to provide expertise and support on organized crime and terrorism issues to

UNMIK international judges and prosecutors. Another important function is to turn sensitive information and intelligence into evidence that can be used in a court of law. The covert measures regulation is designed to enhance the investigative and prosecutorial capacity of organized crime cases by enabling police and prosecutors to use various types of covert activity.

29. The legislative basis UNMIK has laid to combat crime, in conjunction with an enhanced investigative capability of UNMIK police, and increasingly the Kosovo Police Service, has resulted in several arrests and prosecutions for, inter alia, the illegal possession of weapons and illegal border/boundary crossings. In addition, the trial of the first person to be charged under regulation 2001/12 on the prohibition of terrorism and related offences (for the murder of the Head of the Yugoslav passport office in April 2001), began in Pristina on 13 February.

Airport security/border control

30. Security at Pristina International Airport has improved. An increase in UNMIK Border Police officers at the airport has resulted in much better control of passengers and the seizure of numerous false travel documents. In the first week of April alone, 41 forged or altered documents were seized. UNMIK police have also been successful in countering the smuggling of fuel from Montenegro through more intensive patrolling of the buffer zone between the Montenegro boundary and the UNMIK customs checkpoint. A memorandum of understanding on the transfer of responsibility for the security of the border/boundary crossing points from KFOR to the UNMIK police was signed on 29 January 2002. A number of these locations have already been handed over by KFOR to the police, with the remainder to be taken over within a year. Border patrolling is now also carried out by the Kosovo Police Service under UNMIK police supervision.

Development of the Kosovo Police Service

31. The eighteenth class of police school cadets graduated on 30 March 2002, bringing the number of Kosovo Police Service officers to 4,521. This last class comprised 296 cadets, 20 of whom were Kosovo Serbs and 12 were from other communities. The current breakdown of the Kosovo Police Service is: 83.06 per cent male; 16.94 per cent female; 84.41 per cent Kosovo Albanian; 8.32 per cent Kosovo Serb; 3.54 per cent Kosovo Bosniac; with 3.74 per cent from other minority communities. The transition process from UNMIK to policing by the Kosovo Police Service means that the officers of the Service are now performing independent patrols and independent investigations in certain areas, including serious traffic incidents and internal investigations into professional standards. The specialist training provided by the Kosovo Police Service School in criminal investigation, forensics, organized crime and narcotics has resulted in members of the officers being fully integrated into most specialized investigative units of UNMIK police. Officers of the Kosovo Police Service have been a part of the Forensics Unit for almost one year and have developed skills in ballistics, handwriting analysis and identifying counterfeit documents. Throughout Kosovo, select officers from the Kosovo Police Service work in regional investigative units dealing with narcotics offences, intelligence gathering, murder enquiries, trafficking and prostitution. On a regional level, officers of the Service have been formed into specialist tactical weapons teams to perform high-risk building entries, searches and arrests.

C. Creating a fair and safe society for all communities

Creating conditions to remain and return

32. A key objective is the creation of conditions conducive to the return of refugees and internally displaced persons and to improve the situation of the remaining communities in order to stem the outflow of Kosovo Serbs. Elements of UNMIK's coordinated returns strategy include improving overall conditions for sustainable returns to places of origin, closely cooperating with KFOR to increase security and taking gradual steps to reintegrate minorities into mainstream life in Kosovo. This strategy is closely coordinated with the Federal Republic of Yugoslavia/Serbian Coordination Centre for Kosovo.

33. As part of a two-year policy framework — the Returns and Reintegration Programme for 2002 and 2003 — the Office of Returns and Communities, together with the UNMIK pillars, regional administrations and municipalities, is currently planning the return of refugees and internally displaced persons to 25 different locations throughout Kosovo. In order to prepare the ground psychologically, as well as

physically, through the requisite infrastructure, 22 local and regional working groups meet regularly. A damage assessment of 39 possible return locations, covering a total of 66 villages, which was completed in March with help from the European Agency for Reconstruction, confirmed the scale of destruction of minority homes and supporting infrastructures. Funding is required for reconstruction efforts in those areas slated for return later this year.

34. An important part of the planning process for returns are confidence-building measures aimed at promoting reconciliation and a climate conducive to return. Several reconciliation projects are under way in mixed municipalities, such as Kamenica, where a multi-ethnic youth project has been launched. UNMIK's institution-building pillar has also brought together Kosovo Albanian civil society representatives and non-governmental organizations from Serbia proper to develop civic dialogue and build trust. A similar exercise was carried out by bringing Kosovo Albanian journalists to visit Belgrade media outlets with a view to promoting understanding and cooperation.

35. Another important part is demystifying the situation in Kosovo in the minds of many internally displaced persons and those who live in the enclaves and have little contact with the outside world. UNMIK has stepped up its outreach to the internally displaced persons themselves. The Department of Non-Resident Affairs in the Ministry of Culture, Youth and Sports of the provisional institutions of self-government publishes a monthly magazine in Serbian entitled *Most* (Bridge), which keeps internally displaced persons informed of UNMIK policy and the situation on the ground in Kosovo. This, together with joint UNMIK-Coordination Centre public information campaign, has led to an increase in "go-and-see" visits to possible return sites in Kosovo. As for the Kosovo Serbs isolated in the enclaves, new community information centres are playing a key role in keeping them informed of events. So far, UNMIK has set up three of these centres in Gracanica, Slivovo (both in the Pristina region) and Mitrovica. They distribute UNMIK factsheets and other sources of information. In February, the centres launched a newsletter on developments in neighbouring communities. This newsletter is also distributed to internally displaced persons.

Support to non-Albanian communities

36. Through the network of local community offices that the UNMIK civil administration pillar has set up throughout Kosovo, the provision of services to the Kosovo Serb and non-Albanian communities has greatly improved. Various projects, financed through the UNMIK Quick Impact Fund or European Government grants, have contributed to improved water and sewage services, reconstruction of roads or rehabilitation of offices and schools. The Kosovo Public Utilities Companies have also begun to establish outreach business offices and employ members of minority communities.

37. A number of initiatives are under way to help integrate non-Kosovo Albanians into Kosovo's economy. These include measures to: encourage banking and credit programmes to offer access to ethnic minorities; encourage public utility service providers to improve their service to minority communities; and inform donors of the needs of minority communities. UNMIK's efforts to increase minority participation in the penitentiary and judicial structures have resulted in significant increases in minority enrolment in the Kosovo Correctional Service. The current Kosovo Correctional Service class at the training academy in Vucitrn (Mitrovica region) consists of 30 Serb candidates out of a total class of 90. This represents the largest minority participation ever in a Kosovo Correctional Service class and, upon successful completion of their training, will double the total number of Kosovo Serbs in the Kosovo Correctional Service.

38. The Ministry of Education, Science and Technology has made progress in ensuring adequate access to educational facilities for the minority communities. The enactment, in February, of administrative direction 2002/2 on the establishment of the North Kosovo University for Slavic Languages has led to the creation of an advisory board of Kosovo Serb teachers as well as the general improvement in coordination and administration of education reforms in the northern part of Mitrovica.

IV. Municipal elections

39. Preparatory work for the municipal elections scheduled for 21 September 2002 has begun, including training programmes and the updating of the voters'

list. In all activities, Kosovo's Municipal Election Commissions have begun assuming a greater level of responsibility. On 29 March, the Central Election Commission began issuing the electoral rules. To determine the level of resources necessary to conduct elections, from 17 to 20 March, an assessment team from the Organization of Security and Cooperation in Europe (OSCE) visited the UNMIK institution building pillar to review the proposed operational plan for the 2002 municipal elections and to make budgetary recommendations. While the core budget for the institution building pillar for the calendar year 2002 was finally adopted on 11 April by the OSCE Permanent Council, it is a matter of concern that, to date, the budget for the 2002 municipal elections has not yet been approved.

V. Relations with the authorities of the Federal Republic of Yugoslavia

40. My Special Representative, Michael Steiner, visited Belgrade on 3 April 2002 to discuss issues of mutual concern with President Vojislav Kostunica, Prime Minister Zoran Djindjic and Deputy Prime Minister Nebojsa Covic, and to seek their constructive support for the participation of KP in the Government. Mr. Steiner emphasized that recognition of UNMIK authority and the non-acceptance of parallel structures were key to a constructive relationship. It was agreed that cooperation between UNMIK and the Coordinating Centre should continue to be based on the Common Document. The primary mechanism is the high-ranking working group, which now has two working bodies on judicial cooperation and police cooperation. The high-ranking working group has met three times to date. During the last meeting, on 9 April in Pristina, a member of the provisional institutions of self-government participated for the first time.

Judicial cooperation

41. Lengthy negotiations between UNMIK and Head of the Coordination Centre, Nebojsa Covic, culminated on 26 March in the transfer to Kosovo of 146 Kosovo Albanian detainees from Serbia proper. The transfer was preceded by the handing over by the Serbian authorities of the court files relating to the majority of the remaining detainees, which were reviewed by UNMIK's Department of Justice. As a result of those reviews, 80 detainees were released by order of my Special Representative on 27 March. A smaller number of detainees were found to have valid convictions for crimes not related to the recent conflict and they will serve out their sentences in Kosovo. UNMIK is reviewing the case files of the remaining detainees to determine whether they should be retried or released. On 29 March, a further 11 prisoners, who had been diagnosed with mental illnesses, were transferred from Serbia proper to UNMIK custody at the Dubrava prison hospital. The case files of these detainees are also being reviewed by an international judge.

42. During his visit to Belgrade on 3 April, my Special Representative signed the Agreement on the Transfer of Sentenced Persons, which allows prisoners in Kosovo and Serbia proper to choose the place of detention in accordance with provisions of the relevant European Convention. UNMIK has identified 16 Kosovo Serb prisoners that meet the qualifying conditions for transfer under the Agreement. On 10 April, a delegation of three Serb lawyers from the Coordination Centre visited these detainees in the Pristina and Mitrovica Detention Centres. None of the detainees expressed an interest in being transferred to jails in Serbia proper at this time.

Determining the fate of the missing

43. In February, the Working Group on Police Cooperation adopted three protocols related to the issue of missing persons: (a) Cross-Boundary Transfer of Identified Remains; (b) Exchange of Forensic Experts and Expertise; and (c) Joint Verification Teams on Alleged Hidden Prisons. The first joint visit to an alleged illegal detention centre in Kosovo took place on 13 March. The visit confirmed that the site was, in fact, a mental institute administered now by the Ministry of Health. Newly identified remains of four Kosovo Serbs were also transferred across the boundary to Serbia proper at the request of relatives.

44. As part of the agreement signed in July 2001 between UNMIK and the International Committee on Missing Persons (ICMP), the first batch of DNA samples from relatives of the missing were sent for analysis to the ICMP centre in Bosnia and Herzegovina in February. UNMIK has so far collected 3,800 blood samples from relatives of the missing. On 9 April UNMIK re-opened the previous forensic investigation facility at Orahovac (Prizren region) formerly operated by the International Tribunal for the former Yugoslavia. This new centre will provide a single location for the

processing of remains recovered from the over 100 unsurveyed potential gravesites in Kosovo and the review of approximately 1,250 unidentified remains from the International Tribunal programme of 1999/2000.

45. On 3 April, during a meeting with the Association of the Families of the Missing in Belgrade, my Special Representative agreed on three steps to assist the families of the missing: an opportunity for families of the missing to visit Pristina and have contact with those in UNMIK dealing with the issue; "surprise investigations" of alleged hidden prisons in Kosovo with the participation of representatives of the Association; and a trial visit to Orahovac of one of the members of the Association in an attempt to clarify the fate of a missing relative. On 11 April an exhibition of personal possessions retrieved from unidentified remains in Kosovo began in Rudare in Serbia proper, near the administrative boundary line with Kosovo. More than 500 family members of missing Serbs pre-registered to visit the exhibition, which was organized by the UNMIK police Missing Persons Unit, in cooperation with the International Committee of the Red Cross (ICRC).

VI. Relations with the former Yugoslav Republic of Macedonia

46. My Special Representative met with President Trajkovski in Skopje on 18 March and agreed on the establishment of a Joint Expert Committee to address the practical situation on the ground resulting from the border demarcation agreement between the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia. Agreement was also reached on the need to initiate police cooperation with the objective of establishing a memorandum of understanding to deal with overall crime prevention and the fight against organized crime. A meeting on 28 March resulted in agreement on an exchange of information to combat organized crime and terrorism.

VII. Support matters

47. UNMIK continued to maintain and improve the quality of support to all its components. This involved the provision of services in the areas of communications and information technology, engineering, supply and transport to the complex operations of both its police and justice pillar and its civil administration pillar. The Mission continued to maintain a large telecommunications and information technology network connecting all municipalities and regional offices, covering a total of over 170 locations. During the first quarter of 2002, the focus remained on the consolidation of the network infrastructure in order to provide enhanced communications and information technology services for the Mission. UNMIK completed all projects relating to the post-election relocation of political and administrative functions and continued to turn over support functions to the provisional institutions of self-government. After the turnover of some facilities to the local authorities, the Mission continued to use and maintain over 150 separate premises in Kosovo, most of which are State-owned and occupied rent-free.

VIII. Observations

48. The formation of the Government was an important step forward in the implementation of one of the core tasks of Security Council resolution 1244 (1999). I encourage KP to participate in the Government and work for the improvement of the Kosovo Serb community from within. The provisional institutions of self-government need to work in the best interests of all communities, and the best way to ensure that is for KP to take part.

49. Tangible benefits can best be achieved through the participation and cooperation of all communities. It is vital, therefore, that efforts continue to foster return and create conditions conducive to a sustainable existence for all communities in Kosovo, including equitable access to public services and jobs. The active participation of all communities is essential to a successful returns process and inter-communal confidence-building measures go hand in hand with that process. The newly elected officials have made encouraging statements on tolerance and reconciliation and it is important that these sentiments are translated into concrete action. The provisional institutions of self-government must lead by example in creating conditions conducive to inclusion and reconciliation.

50. I welcome the transfer of the Kosovo Albanian detainees from Serbia proper to Kosovo and appreciate the efforts on all sides that went into bringing this about. This has been a charged emotional issue that has

been an obstacle to reconciliation since UNMIK was established. I hope that its resolution, in a way that upholds the rule of law, will boost inter-communal cooperation. We must now turn our attention to accelerating the process of determining the fate of missing persons of all communities.

51. The release of the detainees demonstrates that regional dialogue yields tangible benefits. There has been progress in the implementation of the Common Document and I welcome the participation of a member of the provisional institutions of self-government at the last meeting of the high-ranking working group. As the Government of Kosovo begins its work, I believe it will find that many issues can be resolved through dialogue with the authorities of the Federal Republic of Yugoslavia.

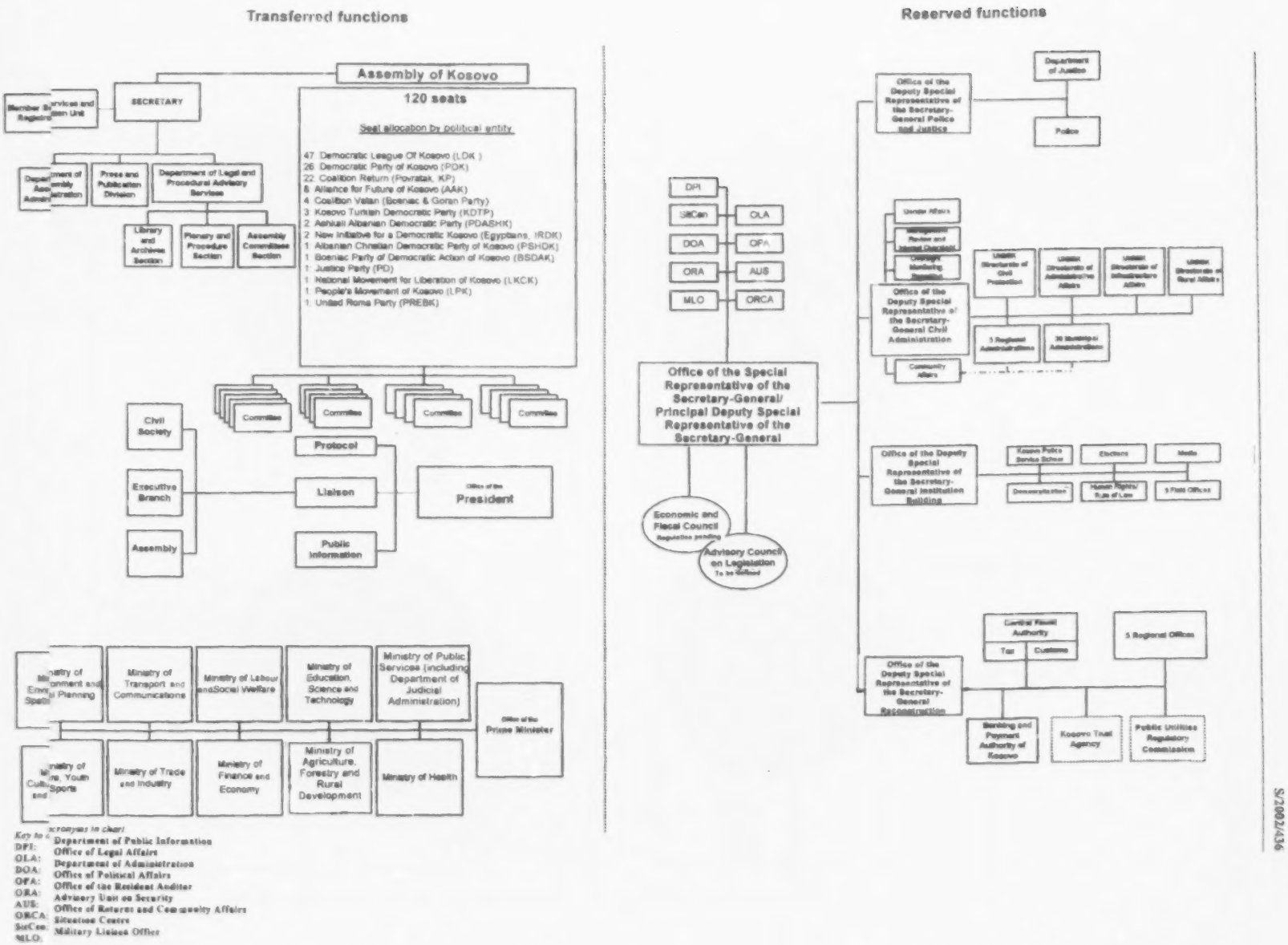
52. More has been done to strengthen the rule of law. It is clear, however, that the Mission is entering a potentially more dangerous phase. As the progressive implementation of anti-crime initiatives, including legislation to combat organized crime and terrorism, takes effect, the more potential there is for retaliation against UNMIK and KFOR. I trust that the provisional institutions of self-government will use its influence to curb violence. UNMIK will continue to arrest and bring criminals to justice. For this, UNMIK will require more international judges and prosecutors.

53. Kosovo is one of the poorest areas of Europe, and a great deal needs to be done to create a climate conducive to its economic growth. The high unemployment rate, in particular among the young people who form the majority of Kosovo's population, constitutes a potential threat to the stability of Kosovo. A key priority is, therefore, reviving the economy and creating jobs.

54. The international community has invested a great deal of energy and resources to create a functioning political system, a viable and legitimate economy and a peaceful society that upholds the rule of law. It is understood that the Mission will not stay in Kosovo indefinitely, but in order to consolidate the provisional institutions of self-government and avoid undercutting the achievements made so far, continued political, technical and financial support will be necessary. Although the current level of support cannot continue indefinitely, premature disengagement could lead to a vacuum of power and instability that could be filled by organized crime and extremism. It is clear that a political roadmap is needed, both for UNMIK and for the provisional institutions of self-government. To this end, I have asked my Special Representative to develop benchmarks against which progress can be measured in the critical areas of the rule of law, functioning democratic institutions, the economy, freedom of movement, the return of internally displaced persons and refugees and contributions to regional stability.

Annex I

Organizational chart of the United Nations Interim Administration Mission in Kosovo and the provisional institutions of self-government


Transferred functions
Reserved functions
Assembly of Kosovo
120 seats
Seat allocation by political entity
47 Democratic League Of Kosovo (LDK)
26 Democratic Party of Kosovo (PDK)
22 Coalition Return (Povratak, KP)
8 Alliance for Future of Kosovo (AAK)
4 Coalition Vatan (Boeniac & Goran Party)
3 Kosovo Turkish Democratic Party (KDTP)
2 Ashkali Albanian Democratic Party (PDASHK)
2 New Initiative for a Democratic Kosovo (Egyptians, IRDK)
1 Albanian Christian Democratic Party of Kosovo (PSHDK)
1 Boeniac Party of Democratic Action of Kosovo (BSDAK)
1 Justice Party (PD)
1 National Movement for Liberation of Kosovo (LKCK)
1 People's Movement of Kosovo (LPK)
1 United Roma Party (PREBK)
SECRETARY
Press and Publication Division
Department of Legal and Procedural Advisory Services
Library and Archives Section
Plenary and Procedure Section
Assembly Committees Section
Committee
Committee
Committee
Committee
Civil Society
Executive Branch
Assembly
Protocol
Liaison
Public Information
Office of the President
Ministry of Transport and Communications
Ministry of Labour and Social Welfare
Ministry of Education, Science and Technology
Ministry of Public Services (including Department of Judicial Administration)
Ministry of Trade and Industry
Ministry of Finance and Economy
Ministry of Agriculture, Forestry and Rural Development
Ministry of Health
Office of the Prime Minister
DPI
SitCen
DOA
ORA
MLO
OLA
OPA
AUS
ORCA
Office of the Special Representative of the Secretary-General/ Principal Deputy Special Representative of the Secretary-General
Economic and Fiscal Council
Regulation pending
Advisory Council on Legislation
To be defined
Office of the Deputy Special Representative of the Secretary-General Police and Justice
Department of Justice
Police
Gender Affairs
Management Review and Internal Oversight
Oversight Monitoring Reporting
Office of the Deputy Special Representative of the Secretary-General Civil Administration
UNMIK Directorate of Civil Protection
UNMIK Directorate of Administrative Affairs
UNMIK Directorate of Infrastructure Affairs
UNMIK Directorate of Rural Affairs
5 Regional Administrations
30 Municipal Administrations
Community Affairs
Office of the Deputy Special Representative of the Secretary-General Institution Building
Kosovo Police Service School
Elections
Media
Democratization
Human Rights/ Rule of Law
5 Field Offices
Office of the Deputy Special Representative of the Secretary-General Reconstruction
Central Fiscal Authority
Tax
Customs
5 Regional Offices
Banking and Payment Authority of Kosovo
Kosovo Trust Agency
Public Utilities Regulatory Commission

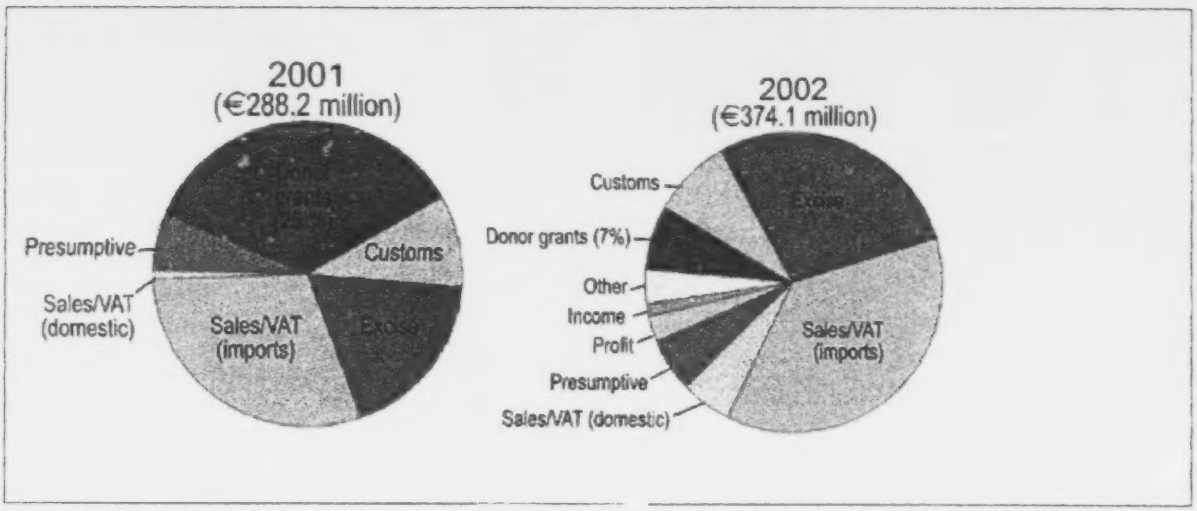
Key to acronyms in chart

DPI: Department of Public Information
OLA: Office of Legal Affairs
DOA: Department of Administration
OPA: Office of Political Affairs
ORA: Office of the Resident Auditor
AUS: Advisory Unit on Security
ORCA: Office of Returns and Community Affairs
SitCen: Situation Centre
MLO: Military Liaison Office

Annex II

Budget 2002

Revenue



Expenditure

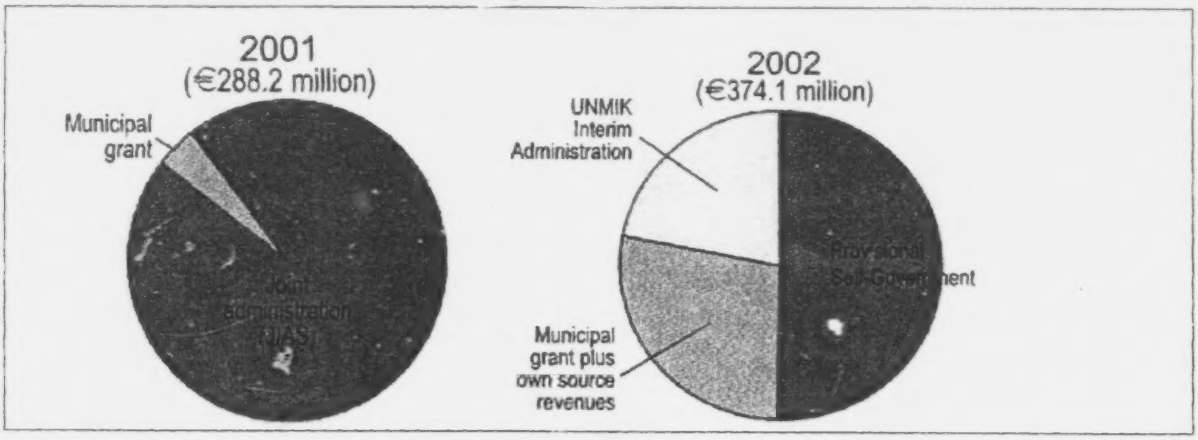
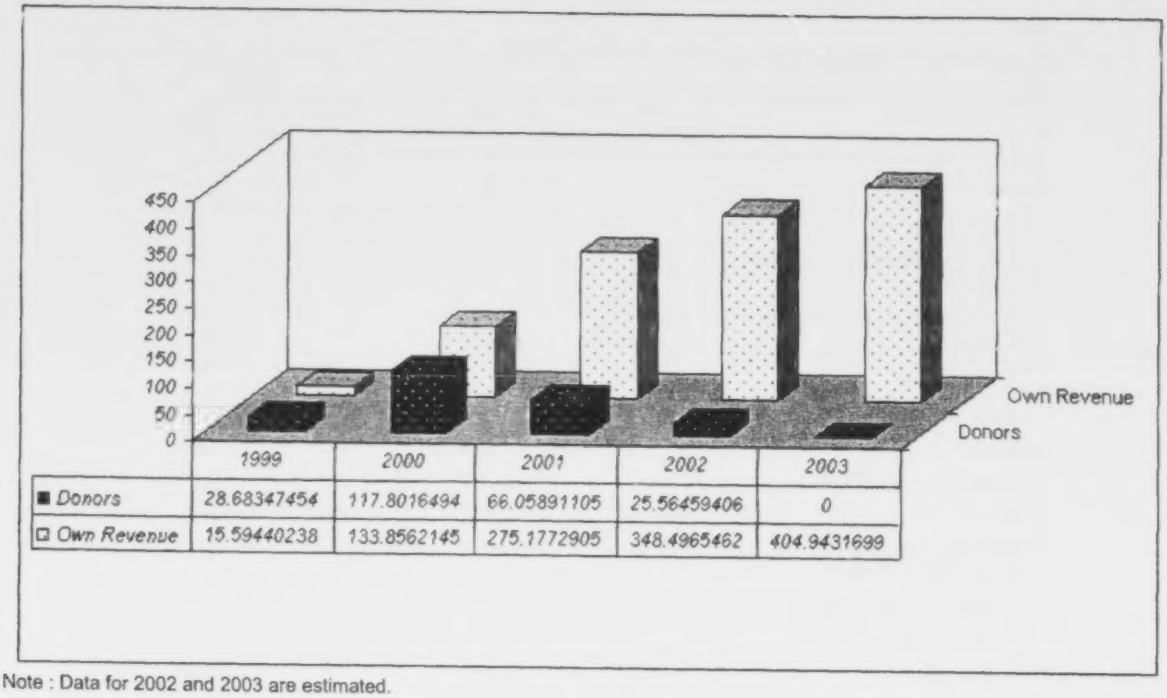


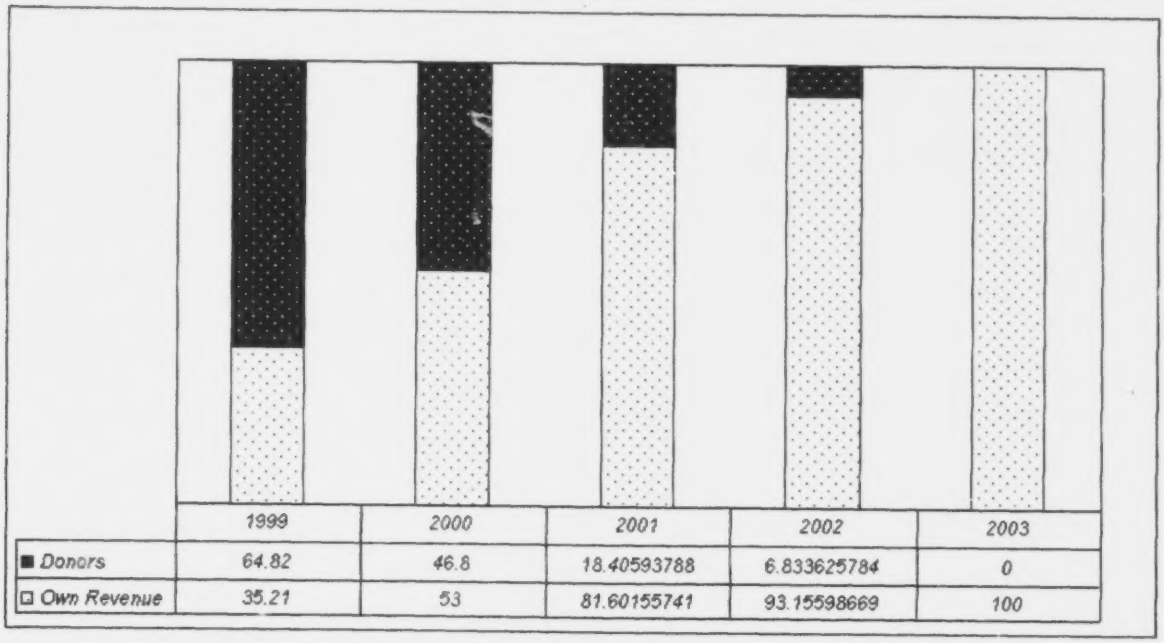
Chart 1
Kosiov budget: total revenue
Outturn and Estimated
(In millions of euro)



	1999	2000	2001	2002	2003
■ Donors	28.68347454	117.8016494	66.05891105	25.56459406	0
□ Own Revenue	15.59440238	133.8562145	275.1772905	348.4965462	404.9431699

Note : Data for 2002 and 2003 are estimated.

Chart 2
Kosovo budget: total revenue
Outturn and Estimated
(In percentages)



	1999	2000	2001	2002	2003
■ Donors	64.82	46.8	18.40593788	6.833625784	0
□ Own Revenue	35.21	53	81.60155741	93.15598669	100

Note: Data for 2002 and 2003 are estimated.

Annex III

Table 1
Household income and consumption, 2000 and 2001

	2000 (millions of euro)	*2001 (millions of euro)*	*2000 (euro per capita)*	*2001 (euro per capita)*
Income	**1 906**	**2 067**	**1 077**	**1 111**
Earned income	**918**	**1 067**	**519**	**574**
Labour earnings (except donor employment)	769	923		
Earnings of donor employed Kosovars	136	124		
Other income	12	20		
Imputed income (1)	**377**	**341**	**213**	**183**
Transfers	**611**	**659**	**345**	**355**
Private remittances from abroad	393	398		
Transfers from Kosovo Consolidated Budget	31	36		
House repair assistance	152	110		
Food and other aid	36	15		
Expenditures	**1 763**	**1 908**	**996**	**1 026**
Total consumption	**1 535**	**1 743**	**867**	**937**
Total investment (housing)	**228**	**165**	**129**	**89**
Savings	**144**	**159**	**81**	**85**

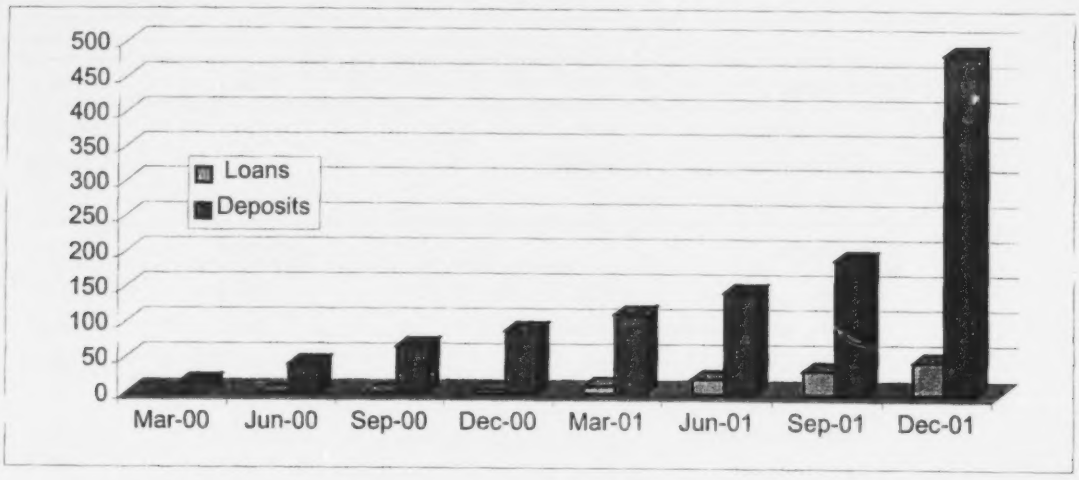
Note: (1) includes subsistence economy (food production and other) and owner occupied dwellings.
Source: CFA-MEU estimates.

Table 2
Foreign trade estimates, 2000 and 2001
(Millions of euro)

	2000	*2001*
Total exports	**106.6**	**180.5**
Export of goods	15.3	33.2
Donor purchased goods and services	51.7	82.3
Goods purchased by expatriates	39.6	65.0
Total imports	**-1 963.0**	**-2 097.1**
Goods	**-957.7**	**-1 110.6**
Non-exempt commercial imports	-740.0	-880.4
Exempt commercial imports	-45.4	-24.5
Donor imported goods	-172.4	-205.7
Commercial services	**-39.3**	**-45.2**
Electric power	**-24.5**	**-39.7**
Donor financed activities (projects)	**-878.0**	**-1 004.3**
Errors and omissions	**-60.2**	**88.6**

Note: KFOR activities not included.
Source: Customs data and surveys (Riinvest and SOK/CFA).

Chart 1
Banks and micro-financing institution loans and deposits, 2000 and 2001 (Millions of euro)



Note: The high level of deposits in December 2001was partially due to deutsche mark/euro conversions.
Source: Micro-Enterprise Bank (MEB) Banking and Payments Authority of Kosovo (BPK).

Annex IV

Crime statistics

Major crime against persons

	January	*February*	*March*	*Total*
Murder	17	13	7	37
Kidnapping	17	15	10	42
Assault	364	371	382	1 117
Grievous assault	26	27	39	92
Rape/attempted rape	9	15	12	36

Major crime against property

	January	*February*	*March*	*Total*
Arson	28	57	59	144
Burglary	496	466	514	1 476
Robbery	46	49	46	141
Theft	604	669	690	1 963
Theft of vehicle	122	139	129	390

Other selected major offences

	January	*February*	*March*	*Total*
Criminal damage	155	126	181	462
Fraud offence	96	54	37	187
Drug offence	27	14	9	50
Weapon offence	153	148	100	401

Annex V

Composition and strength of the police force of the United Nations Interim Administration Mission in Kosovo (as of 31 March 2002)

Nation	*Number*	*Nation*	*Number*
Argentina	138	Malaysia	47
Austria	46	Malawi	19
Belgium	2	Nepal	49
Bangladesh	94	Nigeria	90
Bulgaria	96	Norway	27
Canada	40	Pakistan	186
Cameroon	20	Philippines	63
Czech Republic	19	Poland	123
Denmark	27	Portugal	20
Egypt	65	Romania	185
Fiji	35	Russian Federation	128
Finland	24	Senegal	15
France	87	Slovenia	15
Germany	362	Spain	148
Ghana	110	Switzerland	5
Greece	20	Sweden	48
Hungary	5	Tunisia	6
Iceland	3	Turkey	119
India	527	United Kingdom of Great Britain and Northern Ireland	164
Italy	67		
Côte d'Ivoire	1	Ukraine	195
Jordan	451	United States of America	572
Kenya	44	Zambia	38
Kyrgyzstan	2	Zimbabwe	34
Lithuania	9		
Total			**4 582**

Annex VI

Composition and strength of the military liaison component of the United Nations Interim Administration Mission in Kosovo

(as of 31 March 2002)

Nationality	*Number of Liaison Officers*
Argentina	1
Austria	2
Bangladesh	1
Belgium	1
Bolivia	1
Bulgaria	1
Canada	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	3[a]
Italy	1
Jordan	1
Kenya	1
Malawi	1
Malaysia	1
Nepal	1
New Zealand	1
Norway	1
Pakistan	1
Poland	1
Romania	1
Russian Federation	2
Spain	2[b]
Switzerland	1
Ukraine	1
United Kingdom of Great Britain and Northern Ireland	1[c]
United States of America	2
Zambia	1
Total	**38**

[a] Including two non-commissioned officers.
[b] Including the Chief Military Liaison Officer.
[c] In the Advisory Unit on Justice in the Office of the Special Representative of the Secretary-General.

Map No. 4133 Rev. 6 UNITED NATIONS
April 2002

Department of Public Information
Cartographic Section